



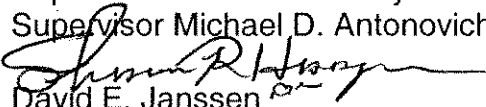
County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

August 6, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: 
David E. Janssen
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

MOTION TO FORMALLY ENDORSE PROPOSITION 71 -- THE CALIFORNIA STEM CELL RESEARCH AND CURES INITIATIVE. (ITEM NO. 5, AGENDA OF AUGUST 10, 2004)

Item No. 5 on the August 10, 2004 Agenda is a motion by Supervisor Yaroslavsky to formally endorse Proposition 71, the California Stem Cell Research and Cures Initiative, and urge the voters of California to vote YES on this ballot measure on November 2, 2004.

Proposition 71 would authorize the issuance of \$3 billion in State general obligation bonds to fund stem cell research and research facilities in California. It would give priority to research on two types of stem cells: 1) embryonic cells which can form any kind of cell found in adults; however, they cannot result in development of an embryo; and 2) cells without a particular function which generate cells that can become specialized and take the place of those that die or are lost. The measure would establish a new State institute, the California Institute for Regenerative Medicine (Institute), to issue grants and loans for these purposes and to provide oversight of stem cell research activities funded by the measure.

The Institute would be responsible for establishing regulatory standards for stem cell research and development of facilities. It would be governed by a 29 member Independent Citizen's Oversight Committee (ICOC) representing University of California campuses at San Francisco, Davis, San Diego, Los Angeles, and Irvine; another public or private California university; nonprofit academic and medical research institutions; companies developing medical therapies; and disease research advocacy groups. ICOC working groups would focus on awarding grants or loans for research projects and the development of research facilities; and establishing scientific, medical, and ethical standards for conducting stem cell research.

A six-member California Stem Cell Research and Cures Act Finance Committee would also be established to authorize the issuance and sale of the general obligation bonds. The Committee would be comprised of the State Treasurer, Controller, Director of Finance, the chairperson of the Institute, and two representatives of the ICOC.

Proposition 71 would limit the issuance of these bonds to no more than \$350 million per year. It would require that any funding needed for bond-related costs would be deducted before bond proceeds were allocated for other purposes. Up to 3 percent of the remaining proceeds could be spent for general administrative costs of the Institute, and up to an additional 3 percent would be available to the Institute for direct grant activities. The remaining funds could be used only for grants and loans for research and research facilities. Priority for research grant funding would be given to stem cell research meeting the Institute's criteria and found unlikely to receive Federal funding. The Institute would be prohibited from funding research into human reproductive cloning. Up to 10 percent of the total available for grants and loans could be used to build scientific and medical research facilities for nonprofit entities within the first five years of implementation.

The State Legislative Analyst (LAO) estimates that the measure will result in State costs of about \$6 billion over 30 years to pay off both the principal (\$3 billion) and interest (\$3 billion) on the bonds, with payments of approximately \$200 million per year. State revenue from patents, royalties, and licenses resulting from the research funded by the Institute could be significant. The LAO further indicates that, to the extent that the measure results in economic and other benefits, such as gains in jobs and taxable income due to added research activity and associated investments, it could produce indirect State and local revenue gains and cost savings.

Proponents of Proposition 71 contend that stem cell research has the potential to provide cures for diabetes, cancer, heart disease, Alzheimer's disease, multiple sclerosis, HIV/AIDS, Parkinson's disease, ALS, osteoporosis, spinal cord injuries, and many other devastating medical conditions. However, political roadblocks have severely limited Federal funding for some of the most promising areas of this field of medical research. Currently, California has no effective mechanism to fund stem cell research. Proposition 71 would provide an affordable solution that closes this critical research funding gap.

Opponents charge that Proposition 71 suffers from several major faults, including fiscal, bureaucratic, scientific, and moral/ethical problems. California is in the midst of a huge budget deficit to which this measure would add \$6 billion to fund questionable research and special interest groups. The measure specifically funds research using human embryos, which is currently banned from Federal funding because of ethical and moral issues. Despite the Federal ban, much research has already been done using embryonic cells from mice and humans. The promise of the research has yet to be demonstrated.

According to the Department of Health Services, because of the Federal limitations on stem cell research, the full potential of this research is not being realized. With funds from Proposition 71, California has the opportunity to take a leadership role throughout the country, not only in basic research related to stem cells, but in the commercial application of this technology in human patients. In addition to the prospect of medical advances in Type 1 diabetes, spinal cord injury, Parkinson's Disease, macular degeneration and glaucoma, hematologic cancers, and other diseases, stem cell research can enhance the economic vitality of California through creating commercial opportunities for existing and new businesses. Los Angeles County is home to many well known academic institutions, independent research institutes, and hospitals, which would be likely to participate in such research.

Proposition 71 is endorsed by a Coalition comprised of disease and patient advocacy organizations, medical groups and hospitals, 21 Noble Prize winners, medical researchers and scientists, community organizations, senior advocacy organizations, religious organizations, business groups, and California elected officials and governmental organizations including the following:

The ALS Therapy Development Foundation, Alliance for Aging Research, California Council of the Alzheimer's Association, American Diabetes Association, American Parkinson's Disease Association of Los Angeles, Cancer Research and Prevention Foundation, Christopher Reeve Paralysis Foundation, International Society for Stem Cell Research, Juvenile Diabetes Foundation, Late Onset Tay-Sachs Foundation, Leukemia and Lymphoma Society, Michael J. Fox Foundation for Parkinson's Research, National Brain Tumor Foundation, Cystic Fibrosis Research Inc., Elizabeth Glaser Pediatric AIDS Foundation, and the Sickle Cell Disease Foundation, American Nurses Association of California, Auxiliary to the National Medical Association, California Medical Association, Cedar-Sinai Health System, National Coalition of Hispanic Organizations, Congress of California Seniors, Gray Panthers of California, Hadassah, Women of Reform Judaism, California Church IMPACT, Biotechnology Industry Organization, California Healthcare Institute, Los Angeles Chamber of Commerce, San Francisco Board of Supervisors, Senator Richard Alarcon, State Treasurer Phil Angelides, Congressman Howard Berman, Congresswoman Jane Harman, Congresswoman Diane Watson, Los Angeles County Supervisors Yvonne B. Burke and Zev Yaroslavsky, State Senators Gilbert Cedillo, Martha Escutia, Sheila Kuehl, Deborah Ortiz, Gloria Romero, Nell Soto, Los Angeles City Council Members Alex Padilla, Bernard Parks, and Wendy Gruel, and West Hollywood Mayor John J. Duran, among many others.

It is opposed by Doctors, Patients and Taxpayers for Fiscal Responsibility which includes the following individuals: Dr. Vincent Fortanasce, Dr. H. Rex Greene, Diane Beeson, PhD., Judy Norsigian of Our Bodies Ourselves, Thomas N. Hudson of the California Taxpayer

Each Supervisor
August 6, 2004
Page 4

Protection Committee, Lewis K. Uhler of the National Tax Limitation Committee, Mr. and Mrs. James L. Barrett, Dr. John B. Bjornstrom, former Assemblyman Tom J. Bordonaro, Jr., Art Croney of Responsible Citizens Inc., Jack Frost of the Center for Bioethics and Culture, Wesley J. Smith, Joni Eareckson Tada, and Carol Hogan of California Catholic Conference.

DHS recommends that the County support Proposition 71 because stem cell research, which is currently underfunded at the Federal level, offers great potential for the development of new cures and treatments for chronic conditions that impact a significant portion of Los Angeles County residents, and is consistent with the Department's mission to prevent and control these diseases. There is no existing County policy on the issuance of State bonds to fund stem cell research and research facilities in California. **Support for this measure is a matter for Board policy determination.**

DEJ:GK
MAL:MS:hg/n

c: Executive Officer, Board of Supervisors
County Counsel
Department of Health Services